

IRON COUNTY, UTAH
FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2004

IRON COUNTY, UTAH

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FINANCIAL SECTION

Wilson & Company

Certified Public Accountants / A Professional Corporation

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of
County Commissioners
Iron County
Parowan, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Iron County, Utah as of and for the year ended December 31, 2004 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Iron County, Utah as of December 31, 2004 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2005, on our consideration of Iron County, Utah's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, as listed in the financial section of the table of contents and budgetary comparison information on page 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Iron County, Utah's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of Iron County, Utah. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


WILSON & COMPANY
Certified Public Accountants

October 7, 2005
Cedar City, Utah

MANAGEMENT'S DISCUSSION & ANALYSIS

This section of Iron County's (the County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2004. Please read this discussion and analysis in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- * The County's total net assets at the close of the fiscal year totaled \$ 16,143,830. This amount is comprised of \$ 12,309,267 in capital assets net of related debt and \$ 3,834,563 in other net assets.
- * General Fund revenues exceeded expenditures by \$ 358,352 after all transfers between funds.
- * The General Fund's ending fund balance of \$ 4,890,467 represents 44.84 percent of the total budgeted expenditures for the fiscal year ending December 31, 2004.
- * Total net assets for the County's business-type activities decreased by \$ 822,227.

OVERVIEW OF THE FINANCIAL STATEMENTS

The County's annual financial report includes: 1) this discussion and analysis, which serves as an introduction to the County's basic financial statements; 2) the basic financial statements comprised of the government-wide financial statements, fund financial statements and notes to the financial statements; and 3) other supplementary information.

Government-wide financial statements. The government-wide financial statements include a statement of net assets and a statement of activities that provide a County-wide perspective of the County's overall financial status. These statements are prepared using accrual accounting methods similar to those used in preparing the financial statements of private-sector businesses.

- * The *statement of net assets* presents information on all of the County's assets and liabilities. The difference between assets and liabilities represents the County's net assets. Increases or decreases in net assets, when viewed over a period of time, may serve as a useful indicator of whether the financial position of the County is improving or deteriorating, respectively.
- * The *statement of activities* presents information reflecting how the County's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs irrespective of the timing of the related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements can be found on pages 12-14 of this report.

Fund financial statements. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. This segregation is also used to ensure and demonstrate compliance with finance-related legal requirements. The County utilizes three types of funds: governmental funds, proprietary funds and fiduciary funds.

- * *Governmental funds* account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these statements are prepared using modified accrual accounting methods which measure cash and other financial assets readily convertible to cash and their balances available for use at year-end. As a result, these statements provide a short-term perspective of the County's general government operations and the basic services provided and may assist in determining the availability of financial resources that could be used in the near future to finance the County's programs.
- * Reconciliation between the long-term perspective of the government-wide financial statements and the short-term perspective of the fund financial statements is provided on page 16 of this report.
- * The County has identified two of its governmental funds to be major governmental funds requiring separate reporting. The remaining governmental funds are non-major funds and are included in the combining statements on page 51-57 of this report.
- * *Proprietary funds* account for the same functions and utilize the same accounting methods reported as business-type activities in the government-wide financial statements. Full accrual accounting methods are used and provide both long and short-term financial information. The County uses enterprise funds, one type of proprietary fund, to account for its six business-type activities.
- * *Fiduciary funds* account for resources held by the County for the benefit of other governmental entities within the County. The County has a fiduciary responsibility to ensure that these resources are used for their intended beneficiaries and purposes. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds cannot be used to finance County programs. The County's fiduciary responsibilities are reported separately in a statement of fiduciary net assets and a statement of changes in fiduciary net assets. These statements are prepared using full accrual accounting methods similar to those used in preparing proprietary fund statements.

Fund financial statements can be found on pages 12-22 of this report.

Notes to the financial statements. The notes to the financial statements provide additional information essential to understanding the government-wide and fund financial statements.

The notes to the financial statements are on pages 23-49 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As was previously noted, increases or decreases in net assets, when viewed over a period of time, may serve as a useful indicator of whether the financial position of the County is improving or deteriorating, respectively. The County's total net assets, assets in excess of liabilities, totaled \$ 16,143,830.

IRON COUNTY'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Current</u>	<u>Prior</u>	<u>Current</u>	<u>Prior</u>
Current and other assets	\$ 8,233,315	\$ 7,260,002	\$ 1,917,705	\$ 1,432,515
Capital assets	21,164,857	21,528,200	3,276,161	2,500,306
 Total assets	 <u>\$ 29,398,172</u>	 <u>\$ 28,788,202</u>	 <u>\$ 5,193,866</u>	 <u>\$ 3,932,821</u>
 Long-term debt outstanding	 \$ 12,761,247	 \$ 13,418,088	 \$ 1,801,213	 \$
Other Liabilities	2,463,418	2,455,156	1,422,330	956,571
 Total Liabilities	 <u>\$ 15,224,665</u>	 <u>\$ 15,873,244</u>	 <u>\$ 3,223,543</u>	 <u>\$ 956,571</u>
 Net assets:				
Invested in capital assets, net of related debt	\$ 9,052,106	\$ 11,533,450	\$ 3,276,161	\$ 2,500,306
Restricted	494,009	1,949,720		
Unrestricted	4,627,392	(568,212)	(1,305,838)	475,943
 Total net assets	 <u>\$ 14,173,507</u>	 <u>\$ 12,914,958</u>	 <u>\$ 1,970,323</u>	 <u>\$ 2,976,249</u>

CHANGES IN IRON COUNTY'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Current</u>	<u>Prior</u>	<u>Current</u>	<u>Prior</u>
Revenues:				
Charges for services	\$ 6,534,126	\$ 4,442,288	\$ 2,924,668	2,555,262
Operating grants and contributions	3,794,543	3,280,339	19,783	
Capital grants and contributions	298,200	150,000		
General revenues:				
Property taxes	4,223,841	4,731,374		
Other taxes	2,447,216	1,567,933		
Earnings on investments	80,662	68,246	7,712	11,558
Other revenue	195,505	121,309		53,532
Total revenues	<u>17,574,093</u>	<u>14,361,489</u>	<u>2,952,163</u>	<u>2,620,352</u>
Expenses:				
General Government	5,038,622	4,075,414		
Public Safety	7,485,066	6,745,919		
Public Health	452,970	311,363		
Highways & Public Improvements	2,128,315	570,621		
Parks & Recreation	261,358	213,475		
Community & Economic Development	614,800	578,768		
Transfers & Other Uses				
Other Miscellaneous	312,727	187,143		
Sewer System			58,328	3,795
Solid Waste Landfill			920,288	862,594
Solid Waste Collection			164,846	189,204
Ambulance Service			1,110,942	880,592

Group Insurance			1,711,615	1,227,531
Fleet/Equipment Lease			199,767	307,543
Total expenses	<u>16,293,858</u>	<u>12,682,703</u>	<u>4,165,786</u>	<u>3,471,259</u>
Increase in net assets before transfers	1,280,235	1,678,786	(1,213,623)	(850,907)
Transfers (net)	(391,396)	(1,255,251)	391,396	1,255,251
Rounding	2			
Increase in net assets	<u><u>888,841</u></u>	<u><u>423,535</u></u>	<u><u>(822,227)</u></u>	<u><u>404,344</u></u>

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

As was previously noted, the County's governmental funds provide a short-term perspective of the County's general government operations and the financial resources available in the near future to finance the County's programs. Differences between available financial resources and the short-term obligations of general government operations are reported as fund balances. Fund balances are designated as either reserved or unreserved. Reserved fund balances indicate amounts of the fund balance set aside for specific purposes or to meet specific requirements.

As of December 31, 2004, the County's governmental funds, which include the general fund, all special revenue funds, debt service funds and capital project funds, report a combined fund balance of \$ 6,156,910. This combined balance represents an increase of \$ 970,699 over last year's ending fund balances.

The general fund is the main operating fund of the County. All governmental-type activities not accounted for in a special revenue fund, debt service fund, enterprise fund or capital project fund are accounted for in the general fund. Accounting for activities in funds other than the general fund may be required by state regulations or local ordinances; or, the County may simply desire to isolate the revenues and expenditures associated with a particular activity for matching purposes.

The general fund balance increased \$ 358,352 to \$ 4,890,467 during the fiscal year ending December 31, 2004. The \$ 4,890,467 fund balance represents approximately 44.84% percent of budgeted expenditures for the fiscal year ending December 31, 2005.

As was previously noted, the County maintains four enterprise funds and two internal service funds reported as enterprise funds to account for its business-type activities. The separate enterprise fund statements provide the same information, with more detail, as the information provided for business-type activities in the government-wide financial statements.

BUDGETARY HIGHLIGHTS

The original 2004 adopted budget for the General Fund, Municipal Services Fund and the Special Revenue Funds totaled \$ 15,919,615. The County Commission amended the original budget in December, 2004, revising the total to \$ 17,669,046, an increase of \$ 1,749,431. Approximately 50% of the increase can be attributed to added expenditures at the county jail. The balance is spread out fairly evenly in several other county departments.

The Ambulance Service Fund continues to be in a deficit position. At the end of 2004, cash in bank was (\$ 777,989) with accounts receivable booked at \$ 194,595. However, total fund equity is \$ 651,508, due to the large amount of assets being accounted for in the fund. The commissioners will be reviewing various plans to bring the fund into compliance.

The County Group Self-Insurance Fund ended the year in a deficit position at (\$ 317,744). The group insurance committee and the county commissioners have met and continue to review options available to bring the fund into compliance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2004, the County had invested \$ 24,441,018, net of accumulated depreciation in capital assets, for its governmental and business-type activities.

IRON COUNTY'S CAPITAL ASSETS (net of depreciation)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 6,185,105	\$ 163,429	\$ 6,348,534
Buildings	8,652,915	816,259	9,469,174
Improvements	5,068,000	114,482	5,182,482
Office equipment	74,924	19,718	94,642
Machinery & equipment	827,377	931,796	1,759,173
Automobiles & trucks	356,536	1,230,477	1,587,013
Total	<u>\$ 21,164,857</u>	<u>\$ 3,276,161</u>	<u>\$ 24,441,018</u>

Iron County's investment in capital assets for its governmental activities as of December 31, 2004, amounts to \$ 21,164,857 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads, highways and bridges. The total increase in Iron County's investment in capital assets for the current year was \$ 915,818.

Major capital asset events during the current year included the following:

- * Completed the remodel of the Federal Building in Cedar City. The purchase price and remodeling of the building was \$ 2,077,000.

- * A new Ambulance Service building was constructed in Cedar City at a total cost of \$ 268,106.

- * Completed the remodel of the Festival Hall building in Cedar City. Total cost of the project was \$ 2,500,000.

- * The Fleet/Equipment Lease Fund purchased equipment/vehicles in 2004 for the following departments:

Clerk	\$ 19,602
Assessor	19,995
Jail	64,674
Sheriff	209,412
Building Inspector	22,164
Road Dept	138,141

Additional information regarding the County's capital assets can be found in the footnotes to the financial statement.

LONG-TERM DEBT

At December 31, 2004, the County had total debt outstanding of \$ 11,448,347.

IRON COUNTY'S OUTSTANDING DEBT 2004

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Municipal Building Authority:		
Lease Revenue Bonds	\$ 6,150,750	
Sales Tax Revenue Bonds	3,091,000	
Special Improvement Districts:		
Assessment Bonds	2,206,597	
Total	<u>\$ 11,448,347</u>	

During the fiscal year, the County issued the following bonds totaling \$ 2,077,000:

* \$ 2,077,000 in Lease Revenue Bonds for purchase and remodel of the Federal building in Cedar City.

ECONOMIC FACTORS

* The market value of property in Iron County increased 20.5% from a total of \$ 2,626,154,934 in 2003 to a total of \$ 3,166,103,218 in 2004, an increase of \$ 539,648,284 (source: Iron County State and Locally Assessed District Totals Report/Report of County Auditor to the State Tax Commission). While a portion of the added value can be attributed to reappraisal work by the Iron County Assessor, approximately 28% of the increase is due to new growth in the county.

* Residential building permits were up 62% from 2003, annual total authorized construction values were up 75% from 2003. Job growth in Iron county was 5.4 percent and the unemployment rate was 4.1% at year end. Gross taxable sales rose 21% (Source: Utah Department of Workforce Services, County Trends, June 2005).

* Iron County's property tax rate increased from the 2004 levy of .001936 to the 2005 rate of .001962. The increase is attributed to the doubling of the state assessing & collecting rate. This rate is set by the state legislature. The money collected through this levy is distributed to

receiving counties to help offset the cost of assessing and collecting taxes. In order for Iron County to participate in this process, the legislature mandated that the "Local Assessing & Collecting" rate be increased to .000300. This was the only increase in the County tax rate.

REQUESTS FOR FINANCIAL INFORMATION

This financial report is designed to provide users with a general overview of the County's financial position and demonstrate accountability for the sources and uses of County funding. Questions concerning information contained in this report or requests for additional financial information should be addressed to the Iron County Auditor, Iron County Courthouse, P.O. Box 457, 68 South 100 East, Parowan, Utah, 84761.

BASIC FINANCIAL STATEMENTS

IRON COUNTY, UTAH
Statement of Net Assets
December 31, 2004

	Governmental Activities	Business Type Activities	Primary Government Total	Component Units
Assets:				
Current assets:				
Cash & cash equivalents	\$ 3,687,404	\$ 1,270,735	\$ 4,958,139	\$ 263,302
Accounts receivable		646,969	646,969	12,280
Property tax receivable	2,889,290	-	2,889,290	
Other receivables	1,337,781	-	1,337,781	
Due from other funds	318,840	-	318,840	
Capital assets, net of accumulated depreciation	21,164,857	3,276,161	24,441,018	274,428
Total assets	<u>29,398,172</u>	<u>5,193,866</u>	<u>34,592,037</u>	<u>550,010</u>
Liabilities and Net Assets				
Liabilities :				
Cash with negative balances	1,662,528	778,098	2,440,626	-
Accounts payable	388,828	280,048	668,876	
Due to other funds	-	317,744	317,744	1,096
Compensated absences payable	387,012	46,440	433,453	
Estimated closure & post closure costs	-	1,782,213	1,782,213	
Other payable - long term	1,312,900		1,312,900	
Deferred revenue	25,049	-	25,049	
Capital leases payable within one year		19,000	19,000	
Bonds payable				
Portion due within one year	694,996	-	694,996	2,815
Portion due after one year	10,753,351	-	10,753,351	19,894
Total liabilities	<u>15,224,665</u>	<u>3,223,543</u>	<u>18,448,208</u>	<u>23,805</u>
Net Assets:				
Invested in capital assets, net of related debt	9,052,106	3,276,161	12,328,267	
Restricted for:				
Debt service	382,120		382,120	
Other purposes	111,889		111,889	
Unrestricted	4,627,392	(1,305,838)	3,321,554	526,205
Total net assets	<u>\$ 14,173,507</u>	<u>\$ 1,970,323</u>	<u>\$ 16,143,830</u>	<u>\$ 526,205</u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Statement of Activities
Year Ended December 31, 2004

Functions	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 5,038,622	\$ 3,175,029	\$ 1,853,238	\$ -	\$ (10,355)
Public safety	7,485,066	3,053,106	211,270	298,200	(3,922,490)
Public health	452,970	33,188	104,296	-	(315,486)
Highways & public improvements	2,128,315	-	1,625,739	-	(502,576)
Parks & recreation	261,358	88,482	-	-	(172,876)
Community & economic development	614,800	184,321	-	-	(430,479)
Interest and fiscal charges	312,727	-	-	-	(312,727)
Total governmental activities	16,293,857	6,534,126	3,794,543	298,200	(5,666,988)
Business-type activities:					
Solid waste landfill	920,288	1,305,338	-	-	385,050
Ambulance service fund	1,110,942	1,285,438	19,783	-	194,279
Group insurance	1,711,615	37,903	-	-	(1,673,712)
Sewer service fund	58,328	37,377	-	-	(20,951)
Solid waste collection	164,846	258,612	-	-	93,766
Equipment leasing fund	199,767	-	-	-	(199,767)
Total business-type activities	4,165,786	2,924,668	19,783	-	(1,221,335)
Total primary government	\$ 20,459,643	\$ 9,458,794	\$ 3,814,326	\$ 298,200	\$ (6,888,323)
Component units:					
Mountain View SSD	\$ 27,482	\$ 23,153	\$ -	\$ -	\$ (4,329)
Summit SSD	27,265	22,734	-	-	(4,531)
Iron County SSD#3	100,116	97,138	-	-	(2,978)
Total business-type activities	\$ 154,863	\$ 143,025	\$ -	\$ -	\$ (11,838)

(Continued on page 14)

IRON COUNTY, UTAH
Statement of Activities
Year Ended December 31, 2004

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue from previous page	\$ (5,666,988)	\$ (1,221,335)	\$ (6,888,323)	\$ (11,838)
General revenues:				
Taxes:				
Property taxes, levied for general purposes	4,223,841		4,223,841	
Fees-in-lieu of taxes	363,802		363,802	
General sales and use taxes	2,083,414		2,083,414	
Earnings on investments	80,662	7,712	88,374	869
Miscellaneous	195,505		195,505	
Operating transfers in	1,953,128	2,344,524	4,297,652	
Operating transfers out	(2,344,524)	(1,953,128)	(4,297,652)	
Total general revenues and transfers	6,555,829	399,108	6,954,936	869
Increase (decrease) in net assets	888,841	(822,227)	66,614	(10,969)
Net assets - beginning	12,914,958	2,976,249	15,891,208	537,174
Prior period adjustment	369,708	(183,700)	186,008	
Net assets - ending	<u>\$ 14,173,507</u>	<u>\$ 1,970,323</u>	<u>\$ 16,143,830</u>	<u>\$ 526,205</u>

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

IRON COUNTY, UTAH

Balance Sheet

Governmental Funds

December 31, 2004

	General	Municipal Services	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash & cash equivalents	\$ 2,851,894	\$ 123,051	\$ 712,459	\$ 3,687,404
Due from other funds	318,840			318,840
Taxes Receivable	2,889,290			2,889,290
Other receivables	896,643	40,463	400,675	1,337,781
Total assets	<u>\$ 6,956,666</u>	<u>\$ 163,514</u>	<u>\$ 1,113,134</u>	<u>\$ 8,233,315</u>
Liabilities:				
Cash with negative balances	\$ 1,658,030	\$ -	\$ 4,498	\$ 1,662,528
Accounts payable	383,120	5,552	156	388,828
Deferred revenue	25,049			25,049
Total liabilities	<u>2,066,199</u>	<u>5,552</u>	<u>4,654</u>	<u>2,076,405</u>
Fund balances:				
Reserved	111,889		382,120	494,009
Unreserved, undesignated	4,778,578	157,962	726,360	5,662,901
Total fund balances	<u>4,890,467</u>	<u>157,962</u>	<u>1,108,480</u>	<u>6,156,910</u>
Total liabilities and fund balances	<u>\$ 6,956,666</u>	<u>\$ 163,514</u>	<u>\$ 1,113,134</u>	<u>\$ 8,233,315</u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
December 31, 2004

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - governmental funds	\$ 6,156,910
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$55,208,107 and the accumulated depreciation is \$34,043,250.	21,164,857
Long-term Obligations	(13,148,260)
Total net assets - governmental activities	<u><u>\$ 14,173,507</u></u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

Year Ended December 31, 2004

	General	Municipal Services	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 6,334,153	\$ 516,754	\$ -	\$ 6,850,907
Interest earnings	37,323		41,970	79,293
Licenses and permits	92,968	398,801	-	491,769
Intergovernmental revenues	4,377,936	509,283	1,524,644	6,411,862
Charges for services	1,225,152	37,848	73,594	1,336,594
Fines and forfeitures	1,204,928			1,204,928
Miscellaneous	372,563	70,092	756,086	1,198,741
Total Revenues	<u>13,645,023</u>	<u>1,532,777</u>	<u>2,396,293</u>	<u>17,574,093</u>
EXPENDITURES:				
General government	4,894,775	88,790	3,716	4,987,280
Public safety	4,092,533	3,351,562	-	7,444,096
Public health	435,209		-	435,209
Highways & public improvements			2,009,265	2,009,265
Parks & recreation	131,246	107,294	-	238,540
Capital outlay			2,035,344	2,035,344
Community & economic development	435,332		-	435,332
Debt service			936,130	936,130
Total Expenditures	<u>9,989,095</u>	<u>3,547,646</u>	<u>4,984,455</u>	<u>18,521,196</u>
Excess of Revenues over (under) Expenditures	<u>3,655,928</u>	<u>(2,014,869)</u>	<u>(2,588,161)</u>	<u>(947,103)</u>
OTHER FINANCING SOURCES (USES):				
Debt proceeds			2,077,000	2,077,000
Operating transfers in	254,572	2,173,637	1,192,080	3,620,288
Operating transfers out	(3,552,148)	(32,894)	(194,445)	(3,779,487)
Total Other Financing Sources (Uses)	<u>(3,297,576)</u>	<u>2,140,743</u>	<u>3,074,635</u>	<u>1,917,802</u>
Excess of revenues and other sources over (under) expenditures and other uses	358,352	125,874	486,474	970,699
FUND BALANCES JANUARY 1	4,532,115	32,089	622,006	5,186,210
FUND BALANCES DECEMBER 31	<u>\$ 4,890,467</u>	<u>\$ 157,962</u>	<u>\$ 1,108,480</u>	<u>\$ 6,156,910</u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Government Funds to the Statement of Activities
Year Ended December 31, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds		\$ 970,699
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
	Capital outlays	1,073,477
	Depreciation expense	<u>(1,806,529)</u>
		(733,052)
<p>The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:</p>		
	General obligation refunding bond proceeds	(2,077,000)
	Repayment of bond principal	<u>623,403</u>
		(1,453,597)
Transfer estimated closure & post closure costs to Solid Waste Fund		1,782,213
Net increase in compensated absences payable		(5,647)
Long-term inter-local agreements payable		<u>328,225</u>
Change in net assets of governmental activities		<u>\$ 888,841</u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Statement of Net Assets
Major Proprietary Funds
December 31, 2004

	Solid Waste Landfill	Ambulance Service Fund	Group Insurance	Non-major Proprietary Funds	Total
Assets					
Current assets:					
Cash & cash equivalents	\$ 864,832	\$ -	\$ -	\$ 405,903	\$ 1,270,735
Restricted investments					
Accounts receivable (net of allowance)	194,595	393,441	109	58,824	646,969
Receivable from other governmental entities				-	-
Pre-paid expenses					-
Total current assets	<u>1,059,427</u>	<u>393,441</u>	<u>109</u>	<u>464,727</u>	<u>1,917,704</u>
Long-term assets:					
Note receivable					-
Construction in progress					-
Capital assets, net of accumulated depreciation	1,035,378	1,068,766		1,172,017	3,276,161
Total long-term assets	<u>1,035,378</u>	<u>1,068,766</u>		<u>1,172,017</u>	<u>3,276,161</u>
Total assets	<u>2,094,805</u>	<u>1,462,207</u>	<u>109</u>	<u>1,636,744</u>	<u>5,193,866</u>
Liabilities and Net Assets					
Liabilities:					
Current liabilities:					
Negative cash balance	-	777,989	109	-	778,098
Accounts payable	279,360	688		-	280,048
Accrued interest				-	-
Due to other funds			317,744	-	317,744
Compensated absences payable	29,742	13,023		3,675	46,440
Deferred revenue					
Capital leases payable within one year		19,000			19,000
Bonds payable within one year				-	-
Total current liabilities	<u>309,102</u>	<u>810,699</u>	<u>317,853</u>	<u>3,675</u>	<u>1,441,330</u>
Non-current liabilities					
Estimated closure & post closure costs	1,782,213				1,782,213
Bonds payable after one year				-	-
Total non-current liabilities	<u>1,782,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,782,213</u>
Total liabilities	<u>2,091,315</u>	<u>810,699</u>	<u>317,853</u>	<u>3,675</u>	<u>3,223,543</u>
Net assets:					
Invested in capital assets, net of related debt	1,035,378	1,068,766		1,172,017	3,276,161
Restricted for:					
Debt service				-	-
Other purposes				-	-
Unrestricted	(1,031,888)	(417,258)	(317,744)	461,052	(1,305,839)
Total net assets	<u>\$ 3,490</u>	<u>\$ 651,508</u>	<u>\$ (317,744)</u>	<u>\$ 1,633,069</u>	<u>\$ 1,970,323</u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Statement of Revenues, Expenses and Changes in Net Assets
Major Proprietary Funds
Year Ended December 31, 2004

	Solid Waste Landfill	Ambulance Service Fund	Group Insurance	Non-major Proprietary Funds	Total
Operating revenues:					
Charges for services	\$ 1,293,338	\$ 1,275,784	\$ -	\$ 278,739	\$ 2,847,861
Connection fees				17,250	17,250
Miscellaneous		9,654	37,903	-	47,557
Total operating revenues	1,293,338	1,285,438	37,903	295,989	2,912,668
Operating expenses:					
Salaries & wages	442,231	767,132		105,997	1,315,360
Materials & supplies	51,651	63,463		63,681	178,795
Contract services	77,460	36,000		-	113,460
Closure & post closure costs				-	-
Other current expense		36,310		-	36,310
Auto expenses	155,691	57,528		29,260	242,479
Insurance Expenses		6,508	1,711,615	-	1,718,123
Travel	500	46,790		-	47,290
Utilities	13,790	27,649		289	41,728
Depreciation	163,180	69,562		223,714	456,457
Total operating expenses	904,503	1,110,942	1,711,615	422,941	4,150,002
Operating income (loss)	388,835	174,496	(1,673,712)	(126,952)	(1,237,333)
Nonoperating income (expense):					
Interest earnings	4,686	552		2,473	7,712
Grant revenue		19,783			19,783
Sale of assets	12,000			-	12,000
Interest & fiscal charges	(15,785)			-	(15,785)
Total nonoperating income	901	20,335	-	2,473	23,710
Net income (loss) before transfers	389,736	194,831	(1,673,712)	(124,479)	(1,213,624)
Transfer In		640,512	1,370,826	333,186	2,344,524
Transfer Out	(1,781,044)	(172,084)		-	(1,953,128)
Change in net assets	(1,391,308)	663,259	(302,886)	208,707	(822,227)
Net assets - beginning	1,772,554	167,725	(14,858)	1,050,828	2,976,249
Prior period adjustment	(377,756)	(179,476)		373,533	(183,700)
Net assets - ending	\$ 3,490	\$ 651,508	\$ (317,744)	\$ 1,633,069	\$ 1,970,323

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Statement of Cash Flows
Major Proprietary Funds
Year Ended December 31, 2004

	Solid Waste Landfill	Ambulance Service Fund	Group Insurance	Non-major Proprietary Funds	Total
Cash flows from operating activities:					
Cash received from customers	\$ 1,244,574	\$ 960,022	\$ 37,685	\$ 301,433	\$ 2,543,714
Cash payments to suppliers for goods and services	(375,713)	(273,945)	(1,711,441)	(95,961)	(2,457,060)
Cash payments to employees for services	(433,944)	(763,949)	-	(103,012)	(1,300,905)
Net cash provided (used) by operating activities	<u>434,917</u>	<u>(77,872)</u>	<u>(1,673,756)</u>	<u>102,460</u>	<u>(1,214,251)</u>
Cash flows from noncapital financing activities:					
Operating transfers (to) from other funds		468,428	1,370,826	333,186	2,172,440
Net cash (used) by noncapital financing activities	<u>-</u>	<u>468,428</u>	<u>1,370,826</u>	<u>333,186</u>	<u>2,172,440</u>
Cash flows from capital and related financing activities:					
Cash received from grants		19,783		0	19,783
Other receipts (payments)	12,000				12,000
Acquisition of capital assets	(60,592)	(681,486)		(634,953)	(1,377,031)
Cash received from others for capital related activities					-
Interest paid on capital debt	(15,785)			0	(15,785)
Principal paid on due to other funds	(42,012)		317,744	(19,972)	255,760
Net cash (used) by capital and related activities	<u>(106,389)</u>	<u>(661,703)</u>	<u>317,744</u>	<u>(654,925)</u>	<u>(1,105,273)</u>
Cash flows from investing activities					
Interest received	4,686	552		2,473	7,711
Net cash (used) by investing activities	<u>4,686</u>	<u>552</u>	<u>-</u>	<u>2,473</u>	<u>7,711</u>
Net increase in cash and cash equivalents	<u>333,214</u>	<u>(270,595)</u>	<u>14,814</u>	<u>(216,806)</u>	<u>(139,373)</u>
Cash and Cash Equivalents - Beginning	<u>531,618</u>	<u>(507,394)</u>	<u>(14,923)</u>	<u>622,709</u>	<u>632,010</u>
Cash and Cash Equivalents - Ending	<u>\$ 864,832</u>	<u>\$ (777,989)</u>	<u>\$ (109)</u>	<u>\$ 405,903</u>	<u>\$ 492,637</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 388,835	\$ 174,496	\$ (1,673,712)	\$ (126,952)	\$ (1,237,333)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	163,180	69,562	-	223,714	456,457
Increase decrease accounts receivable	(48,764)	(325,417)	(44)	5,444	(368,781)
Increase decrease in accounts payable	(76,621)	303		(2,731)	(79,049)
Increase decrease in compensated absences	8,287	3,184		2,985	14,456
Total adjustments	<u>46,082</u>	<u>(252,368)</u>	<u>(44)</u>	<u>229,412</u>	<u>23,083</u>
Net cash provided (used) by operating activities	<u>\$ 434,917</u>	<u>\$ (77,872)</u>	<u>\$ (1,673,756)</u>	<u>\$ 102,460</u>	<u>\$ (1,214,251)</u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Statement of Fiduciary Net Assets
Agency Funds
December 31, 2004

	<u>Total</u>
Assets	
Cash & cash equivalents	\$ 20,393,461
Taxes receivable	1,394,405
Total assets	<u>\$ 21,787,866</u>
Liabilities	
Due to taxing units	\$ 21,787,866
Total liabilities	<u>\$ 21,787,866</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of Iron County, Utah have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The accompanying basic financial statements present the financial position of various fund types and account groups and the results of operations of the various fund types. The basic financial statements are presented for the year ended December 31, 2004.

A. Reporting Entity

For financial reporting purposes, Iron County, Utah has included all funds and account groups. The County has also considered all potential component units for which it is financially accountable and that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

As required by generally accepted accounting principles, these basic financial statements present Iron County (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. Iron County is not a component unit of any other government.

Discretely Presented Component Units:

Mountain View Special Service District

The Mountain View Special Service District has a separately appointed board and provides services to residents within the geographic boundaries of the government. The District provides water utility services to some residents within the unincorporated areas of the County. No separate audit report is issued.

Summit Special Service District

The Summit Special Service District has a separately appointed board and provides services within the geographic boundaries of the government. The District provides water utility services to some residents within the unincorporated areas of the County. No separate audit report is issued.

Iron County Special Service District #3

The Iron County Special Service District #3 has a separate board of directors and provides construction, repair, and maintenance of roads within the unincorporated areas of Iron County. No separate audit report is issued.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C: Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Iron County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Municipal Services Fund accounts for revenue from, and services provided to, the area within the geographic boundaries of the County but outside of any municipal boundaries.

Iron County Special Service District #3 accounts for funds received generally from state allocated mineral lease funds and expends those funds for construction, repairs and maintenance of roads in the unincorporated areas of Iron County.

The Mountain View Special Service District collects charges for water utility services provided to some residents within the unincorporated areas of the County.

The Summit Special Service District also collects charges for water utility services to some residents within the unincorporated areas for the County.

The Treasurer's Tax Collection Agency Fund is used to account for taxes collected by the County Treasurer but not paid as a December 31 to the taxing entities within the County.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D: Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 Years
Improvements Other Than Buildings	20 Years
Equipment	5 Years

Compensated Absences:

The County has a policy which allows full time employees to accumulate vacation pay and comp-time. For most employees, the County allows vacation hours to accumulate up to a maximum of 320 hours at year end payable at termination. The maximum comp-time payable is 80 hours.

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Reconciliation of Government-Wide and Fund Financial Statements:

A. Explanation of certain differences between the governments fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. These differences primarily result from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant, & equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the County as a whole.

Cost of capital assets	\$ 55,208,107
Accumulated depreciation	<u>(34,043,250)</u>
Total difference	<u>\$ 21,164,857</u>

Long-term liabilities:

Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements.

Principal portion of bonds and leases	\$ (11,448,348)
Compensated absences	(387,012)
Long-term Inter-Local Agreements	<u>(1,312,900)</u>
Total difference	<u>\$(13,148,260)</u>

B. Explanation of differences between governmental fund operating statements and the statement of net activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net differences, the elements of this difference are as follows:

Capital outlay	\$ 1,073,477
Depreciation expense	<u>(1,806,529)</u>
Net difference as reported	<u>\$ (733,052)</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The governmental funds report bond proceeds as an other financing sources, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Bond Proceeds	\$ (2,077,000)
Repayment of bond principal	<u>623,403</u>
	<u>\$ (1,453,597)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds. The detail of this difference is as follows:

Net decrease in inter-local agreement	\$ 328,225
Compensated Absences	<u>(5,647)</u>
Total Adjustment	<u>\$ 322,578</u>

F: Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G: Property Tax Calendar:

January 1	Lien Date – All property appraised based upon situs and status as of this date (real and personal).
March 1	Calendar year taxing entities must inform the County of the date, time and place of the budget hearing for the next fiscal year for inclusion with tax notice.
June 22	All taxing entities to adopt tentative budgets and proposed tax rates and report them to the county auditor.
July 22	County auditor to prepare and mail Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners or in the event that Notices of Valuation and Tax Changes are not required, the county auditor is to compute taxes and the county treasurer is to mail tax notices.
Sept. 1	State Tax Commission approves tax rates.
Nov. 1	County auditor is to deliver the equalized assessment roll to the county treasurer with affidavit.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- Nov. 1 County auditor to charge the County Treasurer to account for all taxes levied.
- Nov. 1 County treasurer to mail tax notices. Tax notices for calendar year entities include notice of budget hearings.
- Nov. 30 Taxes on real property become delinquent.

H: Budgets and Budgetary Accounting:

The governing body of the entity shall establish the time and place of the public hearing to consider the adoption of the budget and shall publish notice of the hearing at least seven days prior to the hearing in at least one issue of the newspaper of general circulation published within the County in which the entity is located. If no such newspaper is published, the required notice may be posted in three public places within the entity's jurisdiction. The tentative budget must be made available to the public for inspection for a number of days, as provided by law, prior to the budget hearing.

1. On or before the first regularly scheduled meeting of the County Commission in the month of November, the County Auditor prepares a tentative budget for the next budget year.
2. After a public notice has been published, a public hearing is then held on the adoption of the budget.
3. After the public hearing, the County Commission makes final adjustments to the tentative budget.
4. On or before December 15, the County Commission adopts the budget by resolution or ordinance and sets the tax rate for taxes.
5. The Budget officer may transfer unexpended budgeted amounts within departments.
6. The County Commission may transfer unexpended budgeted amounts from one department in a fund to another department in the same fund by resolution.
7. The total budget appropriation of any governmental fund may be increased only after a public hearing has been held and followed by resolution of the County Commission.
8. Budgets for the General fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level.

The Fiscal Procedures Act for Utah Counties require Counties to restrict expenditures to authorized departmental budgets. The combined statement of revenues, expenditures and changes in fund balance – budget and actual identifies the departments and funds which have overexpended budgeted amounts if any and, therefore, do not comply with appropriate fiscal procedures.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 2: CASH AND INVESTMENTS

The County and component units maintain detailed accounting records for individual funds. The basis of investments is cost. Deposits and investments are not required to be collateralized by state statute.

There are no restrictions or material differences in the types of investments that can be made for different funds, fund types, or component units, provided such investments meet the requirements of the Utah Money Management Act.

Deposits: The County and component units follow the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling depository and temporary investment transactions. This law requires the County and component units to deposit funds in a "qualified depository." The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Utah Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits of the County and component units at December 31, 2004, were deposited with federally insured banks who are certified institutions according to the Utah Money Management Act. The following table summarizes the deposits held at December 31, 2004. the County also has deposits held by the trust department of US Bank as fiscal agent for bonds issued by the County.

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Iron County:		
Federally Insured Deposits –		
State Bank of Southern Utah	\$ (411,384)	\$ 100,000
Wells Fargo Bank	51,179	47,343
Zions First National Bank	100,000	100,000
Amounts in excess of Federal Insurance –		
State Bank of Southern Utah		274,302
Zions First National Bank	282,595	282,595
Deposits with Fiscal Agent – US Bank	111,889	
Mountain View Special Service District:		
Federally Insured Deposits –		
Southern Utah Federal Credit Union	49,492	49,598
Summit Special Service District:		
Federally Insured Deposits –		
Zions First National Bank	18,201	18,821
Iron County Special Service District #3		
Federally Insured Deposits –		
Wells Fargo Bank	166,513	266,514

Investments: Iron County and component units hold investments in the Utah State Treasurer's Pool. Such investments are evidenced by deposit receipts issued by the Utah State Treasurer's Office. The degree of risk associated with the investments held by the State Treasurer's Pool depends on the underlying portfolio.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 2: CASH AND INVESTMENTS - CONTINUED

Therefore, these amounts are not categorized according to risk. The summary of Investments provided by the Utah State Treasurer indicates pool investments in commercial paper, certificates of deposit, corporate notes, US Treasury obligations, and obligations of agencies of the United States. The following table summarizes investments.

	<u>Carrying Amount</u>	<u>Fair Value</u>
Iron County:		
Investments in State Treasurer's Pool	\$2,383,235	\$2,383,235
Summit Special Service District:		
Investments in State Treasurer's Pool	29,095	29,095

A reconciliation of cash and investments as shown on the combined balance sheet is as follows:

Carrying amount of deposits	\$ 368,485
Carrying amount of investments	<u>2,412,330</u>
Total	<u>\$ 2,780,815</u>
 Cash and cash equivalents	 \$ 5,221,441
Negative cash balances reported as liabilities	<u>(2,440,626)</u>
	<u>\$ 2,780,815</u>

NOTE 3. COMPENSATED ABSENCES:

Compensated absences of Iron County represent accrued vacation and sick pay at December 31, 2004, in the amount of \$433,453.

NOTE 4. CAPITAL ASSETS:

Capital asset activity for the year ended December 31, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 6,158,365	\$ 26,740	\$	\$6,185,105
Construction in progress	<u>1,279,161</u>		<u>(1,279,161)</u>	
Total capital assets, not being depreciated	<u>7,437,526</u>	<u>26,740</u>	<u>(1,279,161)</u>	<u>6,185,105</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 4. CAPITAL ASSETS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Building	12,885,796	2,146,828		15,032,624
Improvements other than buildings	28,628,360	142,039		28,770,399
Office furniture and equipment	510,646		(18,000)	492,646
Machinery & Equipment	2,614,202	170,699		2,784,901
Automobiles & Trucks	<u>2,352,796</u>		<u>(410,364)</u>	<u>1,942,432</u>
Total capital assets, being depreciated	<u>46,991,800</u>	<u>2,459,566</u>	<u>(428,364)</u>	<u>49,023,002</u>

Accumulated depreciation for:

Buildings	5,667,231	712,478		6,379,709
Improvements other than buildings	23,620,075	82,324		23,702,399
Office furniture and equipment	74,805	342,917		417,722
Machinery & Equipment	1,910,036	47,488		1,957,524
Automobiles & Trucks	<u>1,628,979</u>		<u>(43,083)</u>	<u>1,585,896</u>
Total accumulated depreciation	<u>32,901,126</u>	<u>1,185,207</u>	<u>(43,083)</u>	<u>34,043,250</u>
Total capital assets, being depreciated,	<u>14,090,674</u>	<u>1,274,359</u>	<u>(385,281)</u>	<u>14,979,752</u>
Governmental activities capital assets, net	<u>\$21,528,200</u>	<u>\$1,301,099</u>	<u>\$ (1,664,442)</u>	<u>\$21,164,857</u>

Business type activities:

Capital assets, not being depreciated

Land	\$ 164,504		\$ (1,075)	\$ 163,429
Construction in progress				
Total capital assets, not being	<u>164,504</u>		<u>(1,075)</u>	<u>163,429</u>

Capital assets, being depreciated:

Building	296,043	634,022		930,065
Improvements other than buildings	239,412		(37,267)	202,145
Office furniture and equipment	43,053		(15,058)	27,995
Machinery & Equipment	2,212,581		(42,342)	2,170,239
Automobiles & Trucks	<u>2,392,261</u>	<u>14,322</u>		<u>2,406,583</u>
Total capital assets, being depreciated	<u>5,183,350</u>	<u>648,344</u>	<u>(94,667)</u>	<u>5,737,027</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 4. CAPITAL ASSETS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Accumulated depreciation for:				
Building	88,224	25,582		113,806
Improvements other than buildings	74,387	13,276		87,663
Office furniture and equipment	43,053		(34,776)	8,277
Machinery & Equipment	1,649,192		(410,749)	1,238,443
Automobiles & Trucks	992,692	183,414		1,176,106
Total accumulated depreciation	<u>2,847,548</u>	<u>222,272</u>	<u>(445,525)</u>	<u>2,624,295</u>
Total capital assets, being depreciated,	<u>2,335,802</u>	<u>426,072</u>	<u>350,858</u>	<u>3,112,732</u>
Governmental activities capital assets, net	<u>\$ 2,500,306</u>	<u>\$ 426,072</u>	<u>\$ 349,783</u>	<u>\$ 3,276,161</u>

Depreciation was charged to functions as follows:

General government	\$ 230,423
Public safety	386,199
Public health	17,546
Highways & Public improvements	156,771
Parks & recreation	22,817
Community & economic development	<u>181,765</u>
Total	<u>\$ 995,521</u>

NOTE 5. CHANGES IN LONG-TERM DEBT:

The following is a summary of long-term debt transactions of the County for the fiscal year ended December 31, 2004:

	Balance Beginning of Year	Additions	Retirements	Balance End of Year
Compensated Absences	\$ 413,349	\$ 20,104	\$ 25,337	\$ 433,453
Bonds	7,541,750	2,077,000	377,000	9,241,750
Special Assessment Bonds	2,453,000		246,403	2,206,597
	<u>\$ 10,408,099</u>	<u>\$ 2,097,104</u>	<u>\$ 648,740</u>	<u>\$ 1,881,800</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$1,000,000 Community Impact Bonus Loan

Year	Principal Amount	Interest Amount	Total Amount
2005	\$ 44,000	\$ 22,800	\$ 66,800
2006	46,000	21,480	67,480
2007	47,000	20,100	67,100
2008	49,000	18,690	67,690
2009	50,000	17,220	67,220
2010	52,000	15,720	67,720
2011	53,000	14,160	67,160
2012	55,000	12,570	67,570
2013	56,000	10,920	66,920
2014	58,000	9,240	67,240
2015	60,000	7,500	67,500
2016	62,000	5,700	67,700
2017	63,000	3,840	66,840
2018	65,000	1,950	66,950
Total	<u>\$ 760,000</u>	<u>\$ 181,890</u>	<u>\$ 941,890</u>

\$146,000 Special Assessment (Cross Hollow) Bonds Series 1996

Year	Principal Amount	Interest Amount	Total Amount
2005	\$ 10,000	\$ 5,084	\$ 15,084
2006	11,000	4,480	15,480
2007	11,000	3,838	14,838
2008	12,000	3,158	15,158
2009	13,000	2,437	15,437
2010	13,000	1,672	14,672
2011	14,000	860	14,860
Total	<u>\$ 84,000</u>	<u>\$ 21,529</u>	<u>\$ 105,529</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$250,000 Community Impact Mineral Lease Loan

Year	Principal Amount	Interest Amount	Total Amount
2005	\$ 11,000	\$ 5,700	\$ 16,700
2006	11,000	5,370	16,370
2007	12,000	5,040	17,040
2008	12,000	4,680	16,680
2009	13,000	4,320	17,320
2010	13,000	3,930	16,930
2011	13,000	3,540	16,540
2012	14,000	3,150	17,150
2013	14,000	2,730	16,730
2014	15,000	2,310	17,310
2015	15,000	1,860	16,860
2016	15,000	1,410	16,410
2017	16,000	960	16,960
2018	16,000	480	16,480
Total	<u>\$ 190,000</u>	<u>\$ 45,480</u>	<u>\$ 235,480</u>

\$752,000 Special Improvement District Bonds Series 1999

Year	Principal Amount	Interest Amount	Total Amount
2005	\$ 76,000	\$ 22,684	\$ 98,684
2006	80,000	18,618	98,618
2007	85,000	14,338	99,338
2008	89,000	9,791	98,791
2009	97,000	5,029	102,029
Total	<u>\$ 427,000</u>	<u>\$ 70,460</u>	<u>\$ 497,460</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$150,000 Lease Revenue Bonds Series 2000

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
2005	\$ 6,000	\$ 3,150	\$ 9,150
2006	7,000	3,000	10,000
2007	7,000	2,825	9,825
2008	7,000	2,650	9,650
2009	7,000	2,475	9,475
2010	7,000	2,300	9,300
2011	8,000	2,125	10,125
2012	8,000	1,925	9,925
2013	8,000	1,725	9,725
2014	8,000	1,525	9,525
2015	8,000	1,325	9,325
2016	9,000	1,125	10,125
2017	9,000	900	9,900
2018	9,000	675	9,675
2019	9,000	450	9,450
2020	<u>9,000</u>	<u>225</u>	<u>9,225</u>
Total	<u>\$ 126,000</u>	<u>\$ 28,400</u>	<u>\$ 154,400</u>

\$465,000 Fiddlers Canyon Flood Control Special Assessment Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
2005	\$ 45,000	\$ 16,390	\$ 61,390
2006	45,000	14,523	59,523
2007	45,000	12,588	57,588
2008	50,000	10,518	60,518
2009	50,000	8,143	58,143
2010	55,000	5,693	60,693
2011	<u>55,000</u>	<u>2,888</u>	<u>57,888</u>
Total	<u>\$ 345,000</u>	<u>\$ 70,743</u>	<u>\$ 415,743</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$1,143,750 Lease Revenue Bonds Series 2001

Year	Principal Amount	Interest Amount	Total Amount
2005	\$ 46,000	\$ 27,469	\$ 73,469
2006	47,000	26,319	73,319
2007	48,000	25,144	73,144
2008	50,000	23,944	73,944
2009	51,000	22,694	73,694
2010	52,000	21,419	73,419
2011	53,000	20,119	73,119
2012	55,000	18,794	73,794
2013	56,000	17,418	73,418
2014	57,000	16,018	73,018
2015	59,000	14,594	73,594
2016	60,000	13,119	73,119
2017	62,000	11,619	73,619
2018	63,000	10,069	73,069
2019	65,000	8,494	73,494
2020	67,000	6,868	73,868
2021	68,000	5,194	73,194
2022	69,000	3,494	72,494
2023	<u>70,750</u>	<u>1,770</u>	<u>72,520</u>
Total	<u>\$ 1,098,750</u>	<u>\$ 294,559</u>	<u>\$ 1,393,309</u>

#385,000 MBA Lease Revenue Refunding Bonds Series 2003

Year	Principal Amount	Interest Amount	Total Amount
2005	\$ 63,000	\$ 10,640	\$ 73,640
2006	64,000	8,120	72,120
2007	66,000	5,560	71,560
2008	<u>73,000</u>	<u>2,920</u>	<u>75,920</u>
Total	<u>\$ 266,000</u>	<u>\$ 27,240</u>	<u>\$ 293,240</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$1,650,000 Lease Revenue Refunding Bonds Series 2003A

Year	Principal Amount	Interest Amount	Total Amount
2005	\$ 66,000	\$ 39,625	\$ 105,625
2006	68,000	37,975	105,975
2007	69,000	36,275	105,275
2008	71,000	34,550	105,550
2009	73,000	32,775	105,775
2010	75,000	30,950	105,950
2011	77,000	29,075	106,075
2012	79,000	27,150	106,150
2013	81,000	25,175	106,175
2014	83,000	23,150	106,150
2015	85,000	21,075	106,075
2016	87,000	18,950	105,950
2017	89,000	16,775	105,775
2018	91,000	14,550	105,550
2019	94,000	12,275	106,275
2020	96,000	9,925	105,925
2021	98,000	7,525	105,525
2022	100,000	5,075	105,075
2023	103,000	2,575	105,575
Total	<u>\$ 1,585,000</u>	<u>\$ 425,425</u>	<u>\$ 2,010,425</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$1,475,000 Special Assessment Bonds Series 2003

Year	Principal Amount	Interest Amount	Total Amount
2005	\$ 126,996	\$ 55,645	\$ 182,641
2006	132,228	50,412	182,640
2007	137,676	44,965	182,641
2008	143,348	39,292	182,640
2009	149,254	33,386	182,640
2010	155,403	27,237	182,640
2011	161,806	20,835	182,641
2012	168,472	14,168	182,640
2013	<u>175,414</u>	<u>7,227</u>	<u>182,641</u>
Total	<u>\$ 1,350,597</u>	<u>\$ 293,167</u>	<u>\$ 1,643,764</u>

\$678,000 Sales Tax Refunding Bonds Series 2001

Year	Principal Amount	Interest Amount	Total Amount
2005	\$ 77,000	\$ 24,107	\$ 101,107
2006	79,000	21,513	100,513
2007	72,000	18,874	90,874
2008	74,000	16,190	90,190
2009	82,000	13,162	95,162
2010	94,000	9,642	103,642
2011	95,000	5,815	100,815
2012	<u>91,000</u>	<u>1,934</u>	<u>92,934</u>
			0
Total	<u>\$ 664,000</u>	<u>\$ 111,237</u>	<u>\$ 775,237</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 5. CHANGES IN LONG-TERM DEBT -- CONTINUED

\$50,000 Taxable Lease Revenue Bonds Series 2003B

Year	Principal Amount	Total Amount
2005	\$ 2,000	\$ 2,000
2006	2,000	2,000
2007	2,000	2,000
2008	2,000	2,000
2009	2,000	2,000
2010	2,000	2,000
2011	2,000	2,000
2012	2,000	2,000
2013	2,000	2,000
2014	3,000	3,000
2015	3,000	3,000
2016	3,000	3,000
2017	3,000	3,000
2018	3,000	3,000
2019	3,000	3,000
2020	3,000	3,000
2021	3,000	3,000
2022	3,000	3,000
2023	<u>3,000</u>	<u>3,000</u>
Total	<u>\$ 48,000</u>	<u>\$ 48,000</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$2,500,000 Limited Obligation Sales Tax Revenue Bonds Series 2003

Year	Principal Amount	Interest Amount	Total Amount
2005	\$ 75,000	\$ 60,675	\$ 135,675
2006	77,000	58,800	135,800
2007	79,000	56,875	135,875
2008	81,000	54,900	135,900
2009	83,000	52,875	135,875
2010	84,000	50,800	134,800
2011	87,000	48,700	135,700
2012	89,000	46,525	135,525
2013	92,000	44,300	136,300
2014	94,000	42,000	136,000
2015	96,000	39,650	135,650
2016	98,000	37,250	135,250
2017	101,000	34,800	135,800
2018	103,000	32,275	135,275
2019	106,000	29,700	135,700
2020	108,000	27,050	135,050
2021	111,000	24,350	135,350
2022	114,000	21,575	135,575
2023	117,000	18,725	135,725
2024	120,000	15,800	135,800
2025	123,000	12,800	135,800
2026	126,000	9,725	135,725
2027	129,000	6,575	135,575
2028	134,000	3,350	137,350
Total	<u>\$ 2,427,000</u>	<u>\$ 830,075</u>	<u>\$ 3,257,075</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$2,077,000 Lease Revenue Bonds Series 2004

Year	Principal Amount	Interest Amount	Total Amount
2005	\$ 47,000	\$ 51,925	\$ 98,925
2006	48,000	50,750	98,750
2007	50,000	49,550	99,550
2008	51,000	48,300	99,300
2009	52,000	47,025	99,025
2010	54,000	45,725	99,725
2011	55,000	44,375	99,375
2012	56,000	43,000	99,000
2013	58,000	41,600	99,600
2014	59,000	40,150	99,150
2015	61,000	38,675	99,675
2016	62,000	37,150	99,150
2017	63,000	35,600	98,600
2018	65,000	34,025	99,025
2019	67,000	32,400	99,400
2020	68,000	30,725	98,725
2021	70,000	29,025	99,025
2022	72,000	27,275	99,275
2023	74,000	25,475	99,475
2024	76,000	23,625	99,625
2025	78,000	21,725	99,725
2026	80,000	19,775	99,775
2027	81,000	17,775	98,775
2028	83,000	15,750	98,750
2029	86,000	13,675	99,675
2030	88,000	11,525	99,525
2031	90,000	9,325	99,325
2032	92,000	7,075	99,075
2033	94,000	4,775	98,775
2034	<u>97,000</u>	<u>2,425</u>	<u>99,425</u>
Total	<u><u>\$ 2,077,000</u></u>	<u><u>\$ 900,200</u></u>	<u><u>\$ 2,977,200</u></u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

Component Units:

Summit Special District Revenue Bonds			
Year	Principal Amount	Interest Amount	Total Amount
2005	\$ 2,815	\$ 1,135	\$ 3,950
2006	2,955	995	3,950
2007	3,103	847	3,950
2008	3,258	692	3,950
2009	3,421	529	3,950
2010	3,592	358	3,950
2011	<u>3,564</u>	<u>178</u>	<u>3,742</u>
			0
Total	<u>\$ 22,708</u>	<u>\$ 4,734</u>	<u>\$ 27,442</u>

NOTE 6. DEFINED BENEFIT PENSION PLAN

Plan Description. Iron County contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System and Public Safety Retirement System for employers with (without) Social Security coverage, cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, and Public Safety Retirement System for employers with (without) Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy. As of December 31, plan members in the Local Governmental Contributory Retirement System are required to contribute 3.43% of their annual covered salary (all or part may be paid by the employer for the employee) and Iron County is required to contribute 2.57% of their annual covered salary. In the Local Governmental Noncontributory Retirement System Iron County is required to contribute 11.09% of their annual covered salary. In the Public Safety Retirement System for employers with (without) Social Security coverage division members are required to contribute 19.08% of their annual covered salary for members in the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 6. DEFINED BENEFIT PENSION PLAN - CONTINUED

Iron County's contributions to the Local Governmental Contributory Retirement System for the years ending December 31, 2004, 2003 and 2002 were \$3,483, \$3,494 and \$3,197 respectively and for the Noncontributory Retirement System the contributions for December 31, 2004, 2003 and 2002 were \$320,794, \$261,144 and \$222,658 respectively and for the Public Safety Retirement System the contributions for December 31, 2004, 2003, 2002 were \$378,307, \$283,233 and \$255,519 respectively. The contributions were equal to the required contributions for each year.

NOTE 7. RISK MANAGEMENT:

Iron County is subject to various types of risk such as tort actions, theft, damage, or destruction of assets by intent or acts of God, and job related illnesses or injury.

The County has procured commercial insurance coverage, which in the County's estimation, is adequate to reduce the risk of loss to a manageable level.

NOTE 8. LITIGATION

The County is involved in several matters of litigation or threatened litigation, the outcomes of which are unclear at this time. Major cases in question include the following:

One case involves a tax appeal with an amount in question of approximately \$40,000. In a second case, a claimant is requesting damages of \$30,000 as the result of an accident involving a sheriff's department vehicle.

Two other lawsuits have been threatened but have not yet been filed. The County believes the outcomes will be favorable.

NOTE 9. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

Engineering studies contracted for by Iron County estimate closure and post-closure costs for landfills located within the County to be \$1,782,213. The breakdown of these costs are as follows:

Closure Costs:

Engineering	\$ 65,450
Construction	983,143
5% Contract Performance Bond	49,157
Legal Fees (25% of total)	<u>274,438</u>
Total Closure Costs	\$1,372,188

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 9. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS - CONTINUED

Post-Closure Costs:

Site Inspection	\$ 84,750
Ground Water Monitoring	210,000
Gas Monitoring	30,000
Construction Cost	30,000
Leachate Monitoring	18,000
Contingency (10%)	<u>37,275</u>
Total Post-Closure Costs	<u>410,025</u>

Total Closure and Post-Closure Costs \$ 1,782,213

As of the date of this report, the County has not been notified of any corrective actions that need to be taken towards the landfills.

The County estimates the useful life of the landfills to be approximately 36 years.

To date Iron County has not incurred any closure or port-closure costs. Total costs to be recognized remain at \$1,782,213.

NOTE 10. ADVANCED REFUNDING

During the year ended December 31, 2003, the County effected an advance refunding with a partial defeasance of debt. The advance refunding was accomplished by issuing \$678,000 of Sales Tax Revenue Refunding Bonds-Series 2001. These bonds were issued December 5, 2001. The transaction is considered to be an advanced refunding in that the proceeds of the new bonds have been placed in an irrevocable escrow controlled by the trust department of U.S. Bank National Association. These proceeds along with \$105,000 from the previous debt service fund will be used to defease \$685,000 of the Municipal Building Authority Lease Revenue Bonds-Series 1994 previously issued by the County. The amounts placed in escrow have been invested in US Treasury state and local government series obligations.

The amounts placed in escrow will be sufficient to pay debt service on the refunded bonds with a payment of \$685,000 to be made on April 1, 2004 to pay off the outstanding balance of the bonds as of that date. The present value of the amounts placed in escrow equal the present value of the remaining debt service on the refunded bonds.

The refunded bonds bear interest of 7% to 7.40% with the refunding bonds bearing interest of 3% to 4.25%. The net present value of the savings benefit is \$50,164.

In accordance with generally accepted accounting principles concerning advanced refunding of bonds, the defeased portion of the Municipal Building Authority Lease Revenue Bonds-Series 1994 as well as the irrevocable escrow are not reported by the County. The refunding bonds have been included in general long term debt.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 11. CONDENSED FINANCIAL STATEMENT - DISCRETELY PRESENTED COMPONENT UNITS

Iron County has three component units which are described below:

Governmental Fund Types:

Iron County Special Service District #3:

The District provides Highway Improvements within the District.

Proprietary Fund Types:

Mountain View Special Service District:

The District provides water utility within the District on a continuing basis and financed through user charges.

Summit Special Service District:

The District provides water utility services within the District on a continuing basis and financed through user charges.

Condensed Financial Statements for the year ended December 31, 2004, are as follows:

Condensed Statement of Net Assets:

Governmental Types:

	Mountain View SSD	Summit SSD	Iron County SSD #3	Total
Current Assets	\$ 57,865	\$ 51,203	\$ 166,514	\$ 275,582
Noncurrent Assets:				
Capital Assets (Net)	<u>177,772</u>	<u>96,656</u>	<u> </u>	<u>274,428</u>
 Total Assets	 <u>\$ 235,637</u>	 <u>\$ 147,859</u>	 <u>\$ 166,514</u>	 <u>\$ 550,010</u>

Liabilities:

Current Liabilities	\$	\$	\$ 1,096	\$ 1,096
Noncurrent Liabilities:				
Long-Term Debt		22,709		22,709
Postclosure Costs	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 Total Liabilities	 <u> </u>	 <u>22,709</u>	 <u>1,096</u>	 <u>23,805</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 11. CONDENSED FINANCIAL STATEMENT – DISCRETELY PRESENTED COMPONENT UNITS – CONTINUED

	<u>Mountain View SSD</u>	<u>Summit SSD</u>	<u>Iron County SSD #3</u>	<u>Total</u>
Net Assets:				
Capital Asset - Net of Related Debt	177,772	73,947		251,719
Restricted				
Unrestricted	<u>57,865</u>	<u>51,203</u>	<u>165,418</u>	<u>274,486</u>
Net Assets	<u>235,637</u>	<u>125,150</u>	<u>165,418</u>	<u>526,205</u>
Total Liabilities and Net Assets	<u>\$ 235,637</u>	<u>\$ 147,859</u>	<u>\$ 166,514</u>	<u>\$ 550,010</u>
Condensed Statement of Revenue, Expenses and Changes in Net Assets:				
Governmental Activities:				
Revenues			\$ 97,138	\$ 97,138
Current Expenses			<u>(100,116)</u>	<u>(100,116)</u>
Change in Net Assets			(2,978)	(2,978)
Net Assets - Beginning			<u>168,396</u>	<u>168,396</u>
Net Asset - Ending			<u>\$ 165,418</u>	<u>\$ 165,418</u>
Business Type Activities:				
Operating Revenue	\$ 23,153	\$ 22,734		\$ 45,887
Operating Expenses:				
Depreciation	(11,918)	(12,688)		(24,606)
Other	<u>(15,564)</u>	<u>(14,577)</u>		<u>(30,141)</u>
Operating Income (Loss)	<u>(4,329)</u>	<u>(4,531)</u>		<u>(8,860)</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 11. CONDENSED FINANCIAL STATEMENT – DISCRETELY PRESENTED COMPONENT UNITS – CONTINUED

	Mountain View SSD	Summit SSD	Total
Non-Operating Revenues:			
Operating Grants & Intergovernmental			
Other Income (Expense)			
Interest Income	359	510	869
Total Non-Operating Revenues	359	510	869
Change in Net Assets	(3,970)	(4,021)	(7,991)
Net Assets - Beginning	239,607	129,171	368,778
Net Assets - Ending	<u>\$ 235,637</u>	<u>\$ 125,150</u>	<u>\$ 360,787</u>

NOTE 12. SUBSEQUENT EVENTS

On December 2, 2004, the Permanent Community Impact Fund Board (the Board) authorized an increase in the amount of the loan to the Iron County Building Authority of \$231,000 for additional work on the county offices project in Cedar City, Utah.

The Board initially made a loan of \$2,077,000 by issuance of Lease Revenue Bonds, Series 2004. In order to avoid having two separate bonds, one for the original \$2,077,000 and one for the additional \$231,000, the Board authorized the issuance of a new lease revenue bond for a combined total of \$2,308,000.

The \$231,000 proceeds were received by the County in 2005.

NOTE 13. LEASE PAYABLE

As of year end the County had the following lease obligations outstanding:

Enterprise Funds: Ambulance Service Fund

	Principal	Interest	Total
2005	\$ 4,365	\$ 1,077	\$ 5,442
2006	4,612	830	5,442
2007	4,874	568	5,442
2008	5,149	293	5,442
	<u>\$ 19,000</u>	<u>\$ 2,768</u>	<u>\$ 21,768</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2004

NOTE 14. COMPLIANCE WITH STATE LAW

Expenditures in the public health, parks and recreation, and transfers out categories exceeded the adopted budget for the year in violation of the Utah Code.

In addition, the Jail Improvement Construction and Ambulance Building capital project funds as well as the Group Insurance Fund have negative fund balances in violation of state law.

NOTE: 15 PRIOR PERIOD ADJUSTMENT

The County completed a reconciliation of the fixed assets of both the governmental funds and the business-type activities. In addition, the carrying amounts recorded in the accounting records of the County were adjusted to the fixed asset reconciliation. The results were that assets costing less than the County's capitalization policy amount of \$5,000 were removed from the fixed asset reporting. The following summarizes the prior period adjustment.

Governmental activities	\$ 369,708
Solid Waste Landfill	(377,756)
Ambulance Service Fund	(179,476)
Solid Waste Collection	(56,481)
Equipment Leasing	<u>430,013</u>
Total	<u>\$ 186,008</u>

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

IRON COUNTY, UTAH
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance, January 1	\$ 4,532,115	\$ 4,532,115	\$ 4,532,115	\$ -
Resources (inflows):				
Taxes	5,887,863	6,045,363	6,334,153	288,790
Interest earnings	30,500	17,500	37,323	19,823
Licenses and permits	95,000	95,000	92,968	(2,032)
Intergovernmental revenues	3,864,371	4,261,342	4,377,936	116,594
Charges for services	962,500	1,214,000	1,225,152	11,152
Fines and forfeitures	975,500	1,197,000	1,204,928	7,928
Miscellaneous	243,662	355,350	372,563	17,213
Transfers in from other funds	254,400	283,342	254,572	(28,770)
Amounts available for appropriation	<u>16,845,911</u>	<u>18,001,012</u>	<u>18,431,710</u>	<u>430,698</u>
Charges to appropriations (outflows):				
General government	4,792,131	5,118,292	4,894,775	223,517
Public safety	3,712,135	4,133,168	4,092,533	40,635
Public health	437,537	433,037	435,209	(2,172)
Parks & recreation	95,000	130,000	131,246	(1,246)
Community & economic development	454,968	454,968	435,332	19,636
Transfers out to other funds	2,885,119	3,180,470	3,552,148	(371,678)
Total charges to appropriations	<u>12,376,890</u>	<u>13,449,935</u>	<u>13,541,243</u>	<u>(91,308)</u>
Budgetary fund balance, December 31	<u>\$ 4,469,021</u>	<u>\$ 4,551,077</u>	<u>\$ 4,890,467</u>	<u>\$ 339,390</u>

The notes to the financial statements are an integral part of this statement.

**COMBINING FINANCIAL STATEMENTS
AND SCHEDULES**

IRON COUNTY, UTAH
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	Class B & Collector Road	Combined Debt Service	Visitors Center	Midvalley Estates	Fire Station
Assets:					
Cash & cash equivalents	\$ 259,464	\$ 54,812	\$ 134,647	\$ 16,652	\$ 4,523
Accounts receivable					
Due from other funds		200,133			
Taxes Receivable					
Other receivables	115,780			84,762	
Total assets	<u>\$ 375,244</u>	<u>\$ 254,945</u>	<u>\$ 134,647</u>	<u>\$ 101,415</u>	<u>\$ 4,523</u>
Liabilities:					
Cash with negative balances	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	156				
Due to other governments					
Accrued interest payable					
Deferred revenue					
Total liabilities	<u>156</u>				
Fund balances:					
Reserved		178,010	85,040	42,700	6,000
Unreserved, undesignated	375,087	76,935	49,607	58,715	(1,477)
Total fund balances	<u>375,087</u>	<u>254,945</u>	<u>134,647</u>	<u>101,415</u>	<u>4,523</u>
Total liabilities and fund balances	<u>\$ 375,244</u>	<u>\$ 254,945</u>	<u>\$ 134,647</u>	<u>\$ 101,415</u>	<u>\$ 4,523</u>

IRON COUNTY, UTAH
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	UHP Building	Fiddlers Canyon SID	Fairgrounds Building	Festival Hall	Convention Center
Assets:					
Cash & cash equivalents	\$ 19,443	\$ 64,494	\$ 5,885	\$ 22,686	\$ -
Accounts receivable					
Due from other funds					
Taxes Receivable					
Other receivables					
Total assets	<u>\$ 19,443</u>	<u>\$ 64,494</u>	<u>\$ 5,885</u>	<u>\$ 22,686</u>	<u>\$ -</u>
Liabilities:					
Cash with negative balances	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable					
Due to other governments					
Accrued interest payable					
Deferred revenue					
Total liabilities					
Fund balances:					
Reserved		34,500		22,650	
Unreserved, undesignated	19,443	29,994	5,885	36	
Total fund balances	<u>19,443</u>	<u>64,494</u>	<u>5,885</u>	<u>22,686</u>	
Total liabilities and fund balances	<u>\$ 19,443</u>	<u>\$ 64,494</u>	<u>\$ 5,885</u>	<u>\$ 22,686</u>	<u>\$ -</u>

IRON COUNTY, UTAH
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	Cross Hollow	Iron County Office Building Project	Jail Improvement Construction	Southwest Health Building	Dispatch Center Building	Ambulance Building
Assets:						
Cash & cash equivalents	\$ 84,371	\$ 39,192	\$ -	\$ -	\$ -	\$ -
Accounts receivable						
Due from other funds						
Taxes Receivable						
Other receivables						
Total assets	<u>\$ 84,371</u>	<u>\$ 39,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities:						
Cash with negative balances	\$ -	\$ -	\$ 4,016	\$ -	\$ -	\$ 482
Accounts payable						
Due to other governments						
Accrued interest payable						
Deferred revenue						
Total liabilities			<u>4,016</u>			<u>482</u>
Fund balances:						
Reserved	13,220					
Unreserved, undesignated	71,151	39,192	(4,016)			(482)
Total fund balances	<u>84,371</u>	<u>39,192</u>	<u>(4,016)</u>			<u>(482)</u>
Total liabilities and fund balances	<u>\$ 84,371</u>	<u>\$ 39,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

IRON COUNTY, UTAH
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	Festival Hall Project	Road Improvements	Total Nonmajor Governmental Funds
Assets:			
Cash & cash equivalents	\$ 6,290	\$ -	\$ 712,459
Accounts receivable			200,133
Due from other funds			-
Taxes Receivable			-
Other receivables			200,542
Total assets	<u>\$ 6,290</u>	<u>\$ -</u>	<u>\$ 1,113,134</u>
Liabilities:			
Cash with negative balances	\$ -	\$ -	4,498
Accounts payable			156
Due to other governments			-
Accrued interest payable			-
Deferred revenue			
Total liabilities			<u>4,654</u>
Fund balances:			
Reserved			382,120
Unreserved, undesignated	6,290		726,360
Total fund balances	<u>6,290</u>		<u>1,108,480</u>
Total liabilities and fund balances	<u>\$ 6,290</u>	<u>\$ -</u>	<u>\$ 1,113,134</u>

IRON COUNTY, UTAH
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2004

	Class B & Collector Road	Combined Debt Service	Visitors Center	Midvalley Estates	Fire Station	UHP Building	Fiddlers Canyon SID
REVENUES:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	3,638	2,016	430	890	-	20	145
Licenses and permits							
Intergovernmental revenues	1,524,644	73,594					
Charges for services							
Fines and forfeitures							
Miscellaneous	105,378	242,074	55,413	99,195	10,813	48,975	141,480
Total Revenues	<u>1,633,660</u>	<u>317,684</u>	<u>55,842</u>	<u>100,085</u>	<u>10,813</u>	<u>48,995</u>	<u>141,626</u>
EXPENDITURES:							
General government							500
Public safety							
Public health							
Highways & public improvements							
Parks & recreation	2,009,265						
Capital outlay							
Community & economic development							
Debt service		366,284	84,120	99,750	9,299	35,720	57,970
Total Expenditures	<u>2,009,265</u>	<u>366,284</u>	<u>84,120</u>	<u>99,750</u>	<u>9,299</u>	<u>35,720</u>	<u>58,470</u>
Excess of Revenues over (under) Expenditures	<u>(375,605)</u>	<u>(48,600)</u>	<u>(28,278)</u>	<u>335</u>	<u>1,516</u>	<u>13,274</u>	<u>83,156</u>
OTHER FINANCING SOURCES (USES):							
Debt proceeds							
Operating transfers in	446,438	303,495	44,570				
Operating transfers out							
Sale of fixed assets							
Total Other Financing Sources (Uses)	<u>446,438</u>	<u>303,495</u>	<u>44,570</u>				
Excess of revenues and other sources over (under) expenditures and other uses	<u>70,833</u>	<u>254,895</u>	<u>16,292</u>	<u>335</u>	<u>1,516</u>	<u>13,274</u>	<u>83,156</u>
FUND BALANCES JANUARY 1	304,254	50	118,355	101,080	3,007	6,169	(18,661)
FUND BALANCES DECEMBER 31	<u>\$ 375,087</u>	<u>\$ 254,945</u>	<u>\$ 134,647</u>	<u>\$ 101,415</u>	<u>\$ 4,523</u>	<u>\$ 19,443</u>	<u>\$ 64,494</u>

IRON COUNTY, UTAH
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2004

	Fairgrounds Building	Festival Hall	Convention Center	Cross Hollow	Iron County Office Building Project	Jail Improvement Construction	Southwest Health Building
REVENUES:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	12	66	504	606	28,185	-	-
Licenses and permits							
Intergovernmental revenues							
Charges for services							
Fines and forfeitures							
Miscellaneous	18,851	22,620		11,097	190		
Total Revenues	18,864	22,686	504	11,703	28,375		
EXPENDITURES:							
General government	411		2,805				
Public safety							
Public health							
Highways & public improvements							
Parks & recreation					1,726,483		
Capital outlay							
Community & economic development							
Debt service	37,292	131,333	99,734	14,627			
Total Expenditures	37,703	131,333	102,539	14,627	1,726,483		
Excess of Revenues over (under) Expenditures	(18,839)	(108,648)	(102,035)	(2,924)	(1,698,108)		
OTHER FINANCING SOURCES (USES):							
Debt proceeds					2,077,000		
Operating transfers in	18,851	131,333	78,581				(390)
Operating transfers out							
Sale of fixed assets							
Total Other Financing Sources (Uses)	18,851	131,333	78,581		2,077,000		(390)
Excess of revenues and other sources over (under) expenditures and other uses	12	22,686	(23,454)	(2,924)	378,892	(4,016)	390
FUND BALANCES JANUARY 1	5,872		23,454	87,295	(339,700)		
FUND BALANCES DECEMBER 31	\$ 5,885	\$ 22,686	\$ -	\$ 84,371	\$ 39,192	\$ (4,016)	\$ -

IRON COUNTY, UTAH
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2004

	Dispatch Center Building	Ambulance Building	Festival Hall Project	Road Improvements	Nonmajor Governmental Funds
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings		815	4,641		41,970
Licenses and permits					-
Intergovernmental revenues					1,524,644
Charges for services					73,594
Fines and forfeitures					-
Miscellaneous					756,086
Total Revenues		815	4,641		2,396,293
EXPENDITURES:					
General government					3,716
Public safety					
Public health					
Highways & public improvements					2,009,265
Parks & recreation					
Capital outlay	2,001	268,106	38,558	196	2,035,344
Community & economic development					
Debt service					936,130
Total Expenditures	2,001	268,106	38,558	196	4,984,455
Excess of Revenues over (under) Expenditures	(2,001)	(267,292)	(33,917)	(196)	(2,588,161)
OTHER FINANCING SOURCES (USES):					
Debt proceeds					2,077,000
Operating transfers in	2,001	166,810			1,192,080
Operating transfers out				(194,055)	(194,445)
Sale of fixed assets					
Total Other Financing Sources (Uses)	2,001	166,810		(194,055)	3,074,635
Excess of revenues and other sources over (under) expenditures and other uses		(100,482)	(33,916)	(194,251)	486,474
FUND BALANCES JANUARY 1		100,000	40,206	194,251	622,006
FUND BALANCES DECEMBER 31	\$ -	\$ (482)	\$ 6,290	\$ -	\$ 1,108,480

IRON COUNTY, UTAH
Combining Statement of Net Assets
Nonmajor Proprietary Funds
December 31, 2004

	<u>Sewer Service Fund</u>	<u>Solid Waste Collection</u>	<u>Equipment Leasing Fund</u>	<u>Total</u>
Assets				
Current assets:				
Cash & cash equivalents	\$ 45,068	\$ 124,089	\$ 236,746	\$ 405,903
Accounts receivable	5,207	53,617		58,824
Total current assets	<u>50,275</u>	<u>177,706</u>	<u>236,746</u>	<u>464,727</u>
Long-term assets:				
Capital assets, net of accumulated depreciation		222,992	949,025	1,172,017
Total long-term assets		<u>222,992</u>	<u>949,025</u>	<u>1,172,017</u>
Total assets	<u>50,275</u>	<u>400,698</u>	<u>1,185,771</u>	<u>1,636,744</u>
Liabilities and Net Assets				
Liabilities :				
Current liabilities:				
Negative cash balance	-		-	-
Accounts payable				
Accrued interest				
Due to other funds				
Compensated absences payable		3,675		3,675
Bonds payable within one year	-			
Total current liabilities	<u>-</u>	<u>3,675</u>	<u>-</u>	<u>3,675</u>
Non-current liabilities:				
Bonds payable after one year				
Total non-current liabilities:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>3,675</u>	<u>-</u>	<u>3,675</u>
Net assets:				
Invested in capital assets, net of related debt		222,992	949,025	1,172,017
Restricted for:				
Debt service				
Other purposes				
Unrestricted	50,275	174,031	236,746	461,052
Total net assets	<u>\$ 50,275</u>	<u>\$ 397,023</u>	<u>\$ 1,185,771</u>	<u>\$ 1,633,069</u>

IRON COUNTY, UTAH
Combining Statement of Revenues, Expenses and Changes in Net Assets
Nonmajor Proprietary Funds
Year Ended December 31, 2004

	Sewer Service Fund	Solid Waste Collection	Equipment Leasing Fund	Total
Operating revenues:				
Charges for services	\$ 20,127	\$ 258,612	\$ -	\$ 278,739
Connection fees	17,250			17,250
Miscellaneous				
Total operating revenues	<u>37,377</u>	<u>258,612</u>	<u></u>	<u>295,989</u>
Operating expenses:				
Salaries & wages		105,997		105,997
Materials & supplies	58,328	5,353		63,681
Contract services				
Closure & post closure costs				
Other current expense				
Auto expenses		29,260		29,260
Insurance Expenses				
Travel				
Utilities		289		289
Depreciation		23,947	199,767	223,714
Total operating expenses	<u>58,328</u>	<u>164,846</u>	<u>199,767</u>	<u>422,941</u>
Operating income (loss)	<u>(20,951)</u>	<u>93,766</u>	<u>(199,767)</u>	<u>(126,952)</u>
Nonoperating income:				
Interest earnings	464	1,633	376	2,473
Grant revenue				
Sale of assets				
Interest & fiscal charges				
Total nonoperating income	<u>464</u>	<u>1,633</u>	<u>376</u>	<u>2,473</u>
Net income (loss) before transfers	<u>(20,487)</u>	<u>95,399</u>	<u>(199,391)</u>	<u>(124,479)</u>
Transfer In			333,186	333,186
Transfer Out				
Change in net assets	<u>(20,487)</u>	<u>95,399</u>	<u>133,795</u>	<u>208,707</u>
Net assets - beginning	70,761	358,104	621,963	1,050,828
Prior period adjustment		(56,481)	430,013	373,533
Net assets - ending	<u>\$ 50,275</u>	<u>\$ 397,023</u>	<u>\$ 1,185,771</u>	<u>\$ 1,633,069</u>

IRON COUNTY, UTAH
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
Year Ended December 31, 2004

	Sewer Service Fund	Solid Waste Collection	Equipment Leasing Fund	Total
Cash flows from operating activities:				
Cash received from customers	\$ 36,598	\$ 264,835	\$ -	\$ 301,433
Cash payments to suppliers for goods and services	(58,328)	(37,633)		(95,961)
Cash payments to employees for services	-	(103,012)		(103,012)
Net cash provided (used) by operating activities	(21,730)	124,190	-	102,460
Cash flows from noncapital financing activities:				
Operating transfers (to) from other funds			333,186	333,186
Net cash (used) by noncapital financing activities	-	-	333,186	333,186
Cash flows from capital and related financing activities:				
Cash received from grants				-
Acquisition of capital assets		(169,965)	(464,988)	(634,953)
Interest paid on capital debt				-
Principal paid on due to other funds		(19,972)		(19,972)
Net cash (used) by capital and related activities	-	(189,937)	(464,988)	(654,925)
Cash flows from investing activities				
Interest received	464	1,633	376	2,473
Net cash (used) by investing activities	464	1,633	376	2,473
Net increase in cash and cash equivalents	(21,266)	(64,114)	(131,426)	(216,806)
Cash and Cash Equivalents - Beginning	66,334	188,203	368,172	622,709
Cash and Cash Equivalents - Ending	\$ 45,068	\$ 124,089	\$ 236,746	\$ 405,903
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (20,951)	\$ 93,766	\$ (199,767)	\$ (126,952)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	-	23,947	199,767	223,714
Increase decrease accounts receivable	(779)	6,223		5,444
Increase decrease in accounts payable		(2,731)		(2,731)
Increase decrease in compensated absences		2,985		2,985
Total adjustments	(779)	30,424	199,767	229,413
Net cash provided (used) by operating activities	\$ (21,730)	\$ 124,190	\$ -	\$ 102,460

IRON COUNTY, UTAH
Statement of Changes in Assets and Liabilities
Agency Funds
December 31, 2004

	Balance December 31, 2003	Additions	Deletions	Balance December 31, 2004
Assets				
Cash & cash equivalents	\$ 19,545,719	\$ 20,258,259	\$ 19,410,517	\$ 20,393,461
Taxes receivable	1,555,698	-	161,293	1,394,405
Total assets	<u>\$ 21,101,417</u>	<u>\$ 20,258,259</u>	<u>\$ 19,571,810</u>	<u>\$ 21,787,866</u>
Liabilities				
Due to taxing units	\$ 21,101,417	\$ 20,258,259	\$ 19,571,810	\$ 21,787,866
Total liabilities	<u>\$ 21,101,417</u>	<u>\$ 20,258,259</u>	<u>\$ 19,571,810</u>	<u>\$ 21,787,866</u>

IRON COUNTY, UTAH
COUNTY TREASURER
STATEMENT OF CURRENT TAXES CHARGED,
COLLECTED, AND DISBURSED - CURRENT & PRIOR YEARS
DECEMBER 31, 2004

TAXING UNITS	<u>Year-End Value (After BOE)</u>	<u>RDA Value</u>	<u>Real & Central Ass'd Value</u>	<u>Personal Prop. Value</u>	<u>Adjusted Value</u>	<u>Real & Central Ass'd Tax Rate</u>
COUNTY FUNDS:						
General	1,799,184,927	53,439,882	<u>1,745,745,045</u>	<u>154,463,178</u>	<u>1,900,208,223</u>	0.001936
SCHOOL DISTRICTS						
Iron County	1,799,184,927	53,439,882	<u>1,745,745,045</u>	<u>154,463,178</u>	<u>1,900,208,223</u>	0.007387
CITIES AND TOWNS:						
Brian head	142,318,801		142,318,801	2,594,858	144,913,659	0.005508
Cedar City	845,957,354	53,439,882	792,517,472	124,960,851	917,478,323	0.003180
Enoch	75,632,954		75,632,954	927,388	76,560,342	0.002102
Kanarraville	10,993,510		10,993,510	274,100	11,267,610	0.000734
Paragonah	15,044,586		15,044,586	129,175	15,173,761	0.001258
Parowan	96,492,611		<u>96,492,611</u>	<u>2,492,290</u>	<u>98,984,901</u>	0.001574
Total Cities & Towns			<u>1,132,999,934</u>	<u>131,378,662</u>	<u>1,264,378,596</u>	
WATER CONS. DIST.	1,304,517,866	53,439,882	<u>1,251,077,984</u>	<u>146,414,664</u>	<u>1,397,492,648</u>	0.000097
GRAND TOTALS			<u><u>5,875,568,008</u></u>	<u><u>586,719,682</u></u>	<u><u>6,462,287,690</u></u>	

<u>Total</u>	<u>Taxes Collected</u>	<u>Rate</u>	<u>Fee in Lieu</u>	<u>Misc. Collection</u>	<u>Delinquencies</u>	
					<u>Tax</u>	<u>Interest, Penalty & Ref/Return</u>
<u>278,249</u>	<u>3,405,805</u>	<u>92.45</u>	<u>397,055</u>	<u>13,264</u>	<u>309,095</u>	<u>164,330</u>
<u>1,104,763</u>	<u>12,952,774</u>	<u>92.14</u>	<u>1,515,776</u>	<u>45,756</u>	<u>1,254,727</u>	<u>64,368</u>
62,629	736,274	92.16	11,182	1,055	193,140	9,586
205,996	2,722,332	92.97	372,371	12,786	218,645	8,134
11,120	149,815	93.09	40,895	119	13,056	628
640	7,633	92.26	2,770	(18)	777	16
261	18,841	98.63	4,866	(43)	1,725	117
10,470	145,382	93.28	32,104	129	17,320	968
<u>291,116</u>	<u>3,780,277</u>	<u>92.85</u>	<u>464,188</u>	<u>14,028</u>	<u>444,663</u>	<u>19,449</u>
<u>15,714</u>	<u>119,404</u>	<u>88.37</u>	<u>14,753</u>	<u>450</u>	<u>10,008</u>	<u>431</u>
<u>1,689,842</u>	<u>20,258,260</u>	<u>92.30</u>	<u>2,391,772</u>	<u>73,498</u>	<u>2,018,493</u>	<u>248,578</u>

<u>Personal Prop. Tax Rate</u>	<u>Real & Central Ass'd Taxes Charged</u>	<u>Personal Prop Taxes Charged</u>	<u>Taxes Charged</u>	<u>Treasurer's Relief Unpaid Taxes</u>	<u>Treasurer's Relief</u>	
					<u>Abatements</u>	<u>Other</u>
0.001970	<u>3,379,762</u>	<u>304,292</u>	<u>3,684,054</u>	<u>233,181</u>	<u>16,763</u>	<u>28,305</u>
0.007521	<u>12,895,819</u>	<u>1,161,718</u>	<u>14,057,537</u>	<u>890,205</u>	<u>63,994</u>	<u>150,564</u>
0.005785	783,892	15,011	798,903	77,058		(14,429)
0.003266	2,520,206	408,122	2,928,328	169,555	14,860	21,581
0.002108	158,980	1,955	160,935	6,137	2,056	2,927
0.000744	8,069	204	8,273	429	140	71
0.001359	18,926	176	19,102	981	245	(965)
0.001594	<u>151,879</u>	<u>3,973</u>	<u>155,852</u>	<u>9,174</u>	<u>1,125</u>	<u>171</u>
	<u>3,641,952</u>	<u>429,441</u>	<u>4,071,393</u>	<u>263,334</u>	<u>18,426</u>	<u>9,356</u>
0.000094	<u>121,355</u>	<u>13,763</u>	<u>135,118</u>	<u>7,685</u>	<u>689</u>	<u>7,340</u>
	<u>20,038,888</u>	<u>1,909,214</u>	<u>21,948,102</u>	<u>1,394,405</u>	<u>99,872</u>	<u>195,565</u>

COMPLIANCE SECTION

Wilson & Company

Certified Public Accountants / A Professional Corporation

IRON COUNTY, UTAH REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Board of
County Commissioners
Iron County
Parowan, Utah

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Iron County, Utah as of and for the year ended December 31, 2004, which collectively comprise Iron County, Utah's basic financial statements and have issued our report thereon dated October 7, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Iron County, Utah's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Iron County, Utah in a separate letter dated October 10, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iron County, Utah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly,

Iron County, Utah
Page 2

we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to management of Iron County, Utah in a separate letter dated October 10, 2005.

This report is intended solely for the information and use of the management of Iron County, Utah, and applicable federal and state funding and auditing agencies and is not intended to be and should not be used by anyone other than these specified parties.


WILSON & COMPANY
Certified Public Accountants

Cedar City, Utah
October 7, 2005

Wilson & Company

Certified Public Accountants / A Professional Corporation

IRON COUNTY, UTAH AUDITOR'S REPORT ON COMPLIANCE WITH STATE FISCAL LAWS For the Year Ended December 31, 2004

The Honorable Board of County Commissioners
Iron County
Parowan, Utah

We have audited the general purpose financial statements of Iron County, Utah, for the year ended December 31, 2004 and have issued our report thereon dated October 7, 2005. As part of our audit, we have audited Iron County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended December 31, 2004. The County received the following major State assistance programs from the State of Utah:

State Corrections Reimbursement
B Road Funds (Department of Transportation)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the Compliance manual for Audits of Local Governments in Utah including:

Public Debt	Transient Room Tax
Cash Management	Justice Courts
Purchasing Requirements	Special Districts
Budgetary Compliance	B & C Road Funds
Property Tax	Uniform Building Code Standards
Other Compliance Requirements	Statement of Taxes Charged, Collected And Disbursed
Liquor Law Enforcement	Assessing and Collecting
Impact Fees	

The management of Iron County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States.

IRON COUNTY, UTAH

Page 2

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred.

An audit includes examining, on a test basis evidence about the County's compliance with the requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Iron County, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of service allowed and unallowed; eligibility; matching, level of effort, or earmarking; reporting, and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2004.



WILSON & COMPANY
Certified Public Accountants

Cedar City, Utah
October 7, 2005

Wilson & Company

Certified Public Accountants / A Professional Corporation

The Honorable Board of County Commissioners
Iron County
Parowan, Utah

We have completed our examination of the records of Iron County for the year ended December 31, 2004. As part of our engagement, we offer the following recommendations for strengthening internal accounting controls and improving accounting procedures.

In considering the findings and recommendations in this letter, it is important to recognize that a letter of this type is intended to be constructive in nature and its purpose is to point out areas for improvement. The absence of comment of a positive or complimentary nature is not intended to imply that the County operates in an inefficient or unsound manner.

Expenditures in Excess of Budget

Expenditures in the general fund for public health, parks and recreation, and transfers out exceeded budgeted amounts.

The County must accurately monitor expenditures in order to not incur expenditures in excess of the adopted budget.

State Surcharge Collections

We noted during our audit that state surcharge collections were not always paid to the state by the tenth of the month following collection as required by Utah law.

We recommend that the monthly reports for the justice courts be processed in enough time to allow for the surcharge collections to be paid to the State by the tenth of the month following collection. Also, we recommend that the approval of this expenditure be expedited so that payment can be made to the State by the tenth of the month.

State Compliance Issues

We noted that the Jail Improvement Construction Fund, the Ambulance Building capital project fund and the Group Insurance Fund all have negative fund balances in violation of the Utah code.

The County must take steps to eliminate the negative retained earnings in these funds as soon as possible.

Special Service District

We noted during our audit that the Mountain View Special Service District continues to be active. The principal reason that the Mountain View Special Service District was created by the County was to issue bonds which have now been paid off.

We recommend that the County dissolve the Mountain View Special Service District so that the District does not have to be reported as a component unit on the financial statements of the County.

Compensated Absences

We noted in our exam that the liability balance for compensated absences climbed to \$433,453.

We suggest the County examine this liability and consider taking steps to limit the County's exposure and prevent this amount from rising. Since the balance at the end of 2004 continues to represent a significant amount, the County should consider reserving funds to cover the liability by placing them in a separate PTIF account.

Fair Bank Account

We noted during our exam that the County has returned to depositing directly into the fair account and paying some vendors from the account.

We strongly suggest that this account not be used in the present manner. All deposits should be made into the general account with a minimal imprest amount of not more than \$50 maintained in the fair account.

We further suggest that vendors be paid from the general account and not from the fair account. When needed, prizes may be paid from the account on the weekend of the fair and then reimbursed to the fair account from the general account first thing Monday morning.

All checks must contain two signatures one of which is a general signer on County bank accounts.

Petty Cash Accounts

During our exam we noted that a petty cash account of \$500 located at the jail facility is recorded on the general ledger and a petty cash account located at the landfill of \$134 is recorded on the general ledger.

We suggest that both of these petty cash accounts be reviewed for reasonableness. The \$500 located at the jail seems excessive and the landfill account has an odd balance which does not appear to be correct.

Inmate Trust Account

We noted that transactions in the Inmate Trust Account had not been previously recorded by the County.

We recommend that the following procedures should be put into place concerning this account:

The Auditor's office should review on a monthly basis the transactions in this account and record them in the general ledger.

The monthly reconciliation of the account should be reviewed in detail by the Auditor's office including deposits and all disbursements.

Deposit slips should show the source of the deposit by name to facilitate tracking by inmate.

Inmate subsidiary accounts should be reconciled and agreed with the outstanding cash balance on a regular basis.

Following the above procedures will allow for the proper recording of all transactions and provide an internal audit of the account.

Commissary Activity

We noted that the activity in the commissary at the correctional facility has not been monitored by the County in the past.

We suggest that commissary activity and inventory should be reviewed on a regular basis by the Auditor's office to insure that controls are working, revenue is being properly recorded, and that the inventory balance is reasonable and secure.

Recorder's Office

We noted in our exam that the Recorder's office only makes a deposit once per week.

We suggest that the Recorder's office be instructed to follow state law and deposit daily. Depositing once per week is not acceptable accounting practice and should be corrected immediately.

Payments Sent Directly to the Jail

We noted that some payments from outside parties are still being sent directly to the jail.

We suggest that all agencies be again notified that payments are not to be sent directly to the jail. All payments must come to the Auditor's office.

Closure and Post Closure Costs

We noted that the County has not allocated on a separate basis any funds to be used for future landfill closure and post closure costs.

We suggest that the County allocate yearly to a separate PTIF account funds to be reserved for the payment of future closure and post closure costs.

Bond Sinking and Reserve Accounts

We noted that in the past, the County has not placed bond sinking and reserve amounts required by bond covenants into separate PTIF accounts.

We suggest that all bond sinking and reserve funds be placed into separate PTIF accounts to insure that they are adequate and in compliance with bond covenants.

Closing of PTIF Accounts

We noted that the PTIF accounts originally set up to hold funds for the Festival Hall and Federal Building projects remain open with significant balances.

We suggest that since the projects are complete, the PTIF accounts used to hold funds for these projects be closed out with the funds transferred to the general PTIF account.

US Bank Trust Account

We noted that the US Bank Trust account established for the construction of the jail and ambulance buildings remains open with a balance of \$111,841 as of year end.

We suggest that since these projects are completed, that a final request be made for the remaining funds to be transferred to the County general account and that this trust account be closed.

Capital Project Funds

We noted that some capital project funds with balances on the general ledger appear to relate to completed projects.

We suggest that the County carefully review the status of all capital project funds to verify the need of keeping the fund open. If the fund has served its purpose, the fund should be closed out.

Federal Grants

We noted during our audit that a federal grant was awarded to the County's law enforcement department. We further noted that the accounting for this grant was not coordinated with the Auditor's office. This condition required significant time delays to obtain, summarize, and record the grant information in the County's accounting records.

We recommend that all grants be coordinated with the Auditor's office from initial grant application through conclusion. This will ensure that the information required for proper grant accounting may be obtained thereby avoiding time delays in financial reporting. In addition, this will allow the grant to be processed through the established internal accounting controls of the County.

Justice Court Deposits

We noted during our audit that deposits in the Justice court were not always made within three days of receipt as required by Utah Law.

We recommend that the County continue to monitor Justice court deposits to ensure that deposits are made daily.

Fixed Asset Accounting and Management

We noted during our audit that the County's fixed asset management system had not been updated since the prior accounting year. This condition required significant time delays in producing the fixed asset information required by GASB Statement Number 34. Part of this situation is related to limitations of the Caselle fixed asset management software used to process the County's fixed assets.

We recommend that the County devote the required time and clerical effort monthly to keep the fixed asset system updated to meet the requirements of GASB Statement Number 34. This includes the periodic measurement and reporting of the County's infrastructure assets. If the Caselle fixed asset management software will not perform the required tasks, then another alternative for fixed asset processing needs to be strongly considered.

Undeposited Receipts

We noted in the Justice Court that receipts for some tickets were left undeposited until the tickets were received from the various law enforcement agencies. We further noted that these undeposited ticket receipts were not kept locked at all times and that all Justice court personnel have physical access to these undeposited funds. We further noted that occasionally there were significant delays in receiving the tickets from the County's Sheriff Department. This delay is due to the ticket information being processed at the Sheriff's office before being taken to the Justice Court where the same ticket is processed again.

We recommend that the processing delays in getting the tickets to the Justice Court be identified and eliminated so that the tickets can be processed as rapidly as possible. We further recommend that undeposited ticket receipts always be locked up and physical access restricted to personnel assigned to the task of matching these receipts to tickets.

We appreciate the opportunity to serve the County as independent auditors, and would like to thank both elected officials and County employees for being so helpful during our examination. If we can be of further service or if additional information is required as to items covered in this letter, we would be pleased to meet with you.



WILSON & COMPANY
Certified Public Accountants
October 10, 2005



IRON COUNTY

68 South 100 East • Parowan, Utah 84761 • Phone (435) 477-8300 • Fax (435) 477-8847

Commissioners

Dennis E. Stowell

Wayne A. Smith

Gene E. Roundy

Clerk • David I. Yardley

Treasurer • Geraldine S. Norwood

Recorder • Patsy T. Cutler

Assessor • Dennis W. Ayers

Auditor • Joseph H. Gubler

Attorney • Scott F. Garrett

Sheriff • Mark O. Gower

November 28, 2005

Utah State Auditor
Salt Lake City, Utah

I have reviewed the recommendations as submitted to the Iron County Commission by Wilson and Company, independent auditors, pertaining to their findings for the audit period ending December 31, 2004, and issue my responses for your review.

Expenditures in Excess of Budget

Audit: Expenditures in the general fund for public health, parks and recreation, and transfers out exceeded budgeted amounts.

Response: Each year there are several departments that exceed the original budget and the proposed adjustments are presented to the County Commission for approval in December of the budget year. In most cases the estimated adjustments are sufficient to cover the unknown expenditures made by a department during December.

State Surcharge Collections

Audit: We noted during our audit that state surcharge collections were not always paid to the state by the tenth of the month following collection as required by Utah law.

Response: We will continue to insist that the Justice Court submit their monthly reports to the Auditor's office in a timely manner to allow payments to be made on time. However, because of the heavy work load, particularly in the Cedar Justice Court, it is difficult to process the report on time.

State Compliance Issues

Audit: We noted that the Jail Improvement Construction Fund, the Ambulance Building capital project fund and the Group Insurance Fund all have negative fund balances in violation of the Utah code.

Response: The Jail Improvement Construction Fund and the Ambulance building capital project fund are both inactive, we plan to close these two funds in 2005. The Group Insurance Fund is still not in compliance. The County Commission needs to bring this fund into compliance by either budgeting additional revenue, reducing the group insurance benefit package to employees or a combination of both.

Special Service District

Audit: We noted during our audit that the Mountain View Special Service District continues to be active. The principal reason that the Mountain View Special Service District was created by the County was to issue bonds which have now been paid off.

Response: The County Commission recognizes the need to close this fund and transfer the assets in this fund to an appropriate entity.

Compensated Absences

Audit: We noted in our exam that the liability balance for compensated absences climbed to \$433,453.

Response: The County Commission should consider funding this liability in a trust account. These funds would then be available for future use if needed.

Fair Bank Account

Audit: We noted during our exam that the County has returned to depositing directly into the fair account and paying some vendors from the account.

Response: The process of properly protecting and accounting for Iron County Fair expenditures and revenue was handled during the 2004 season according to the management letter issued for the year ending December, 2002, with one exception, which recommended that the revenue be deposited into the County general funds. In order to comply completely with the management letter, all revenue collected at the fair will be deposited as recommended.

Petty cash Accounts

Audit: During our exam we noted that a petty cash account of \$500 located at the jail facility is recorded on the general ledger and a petty cash account located at the landfill of \$134 is recorded on the general ledger.

Response: We will review both these accounts and adjust the balances as needed.

Inmate Trust Account

Audit: We noted that transactions in the Inmate Trust Account had not been previously recorded by the County.

Response: We will review activity in the Inmate Trust Account on a monthly basis and record it in the general ledger.

Commissary Activity

Audit: We noted that the activity in the commissary at the correctional facility has not been monitored by the County in the past.

Response: We will monitor activity in the commissary to insure that controls are in place and are working properly.

Recorders Office

Audit: We noted in our exam that the Recorder's office only makes a deposit once per week.

Response: We will recommend that the Recorder deposit funds daily.

Payments Sent Directly to the Jail

Audit: We noted that some payments from outside parties are still being sent directly to the jail.

Response: We will notify all agencies that send payments to the jail to correct their records.

Closure and Post Closure Costs

Audit: We noted that the County has not allocated on a separate basis any funds to be used for future landfill closure and post closure costs.

Response: We will set up a separate PTIF account and deposit reserve funds to this account.

Bond Sinking and Reserve Accounts

Audit: We noted that in the past, the County has not placed bond sinking and reserve amounts required by bond covenants into separate PTIF accounts.

Response: We have set up a PTIF account and have transferred an amount equal to that required by the bond covenants.

Closing of PTIF Accounts

Audit: We noted that the PTIF accounts originally set up to hold funds for the Festival Hall and Federal Building projects remain open with significant balances.

Response: We will review and adjust balances in all PTIF accounts as needed.

US Bank Trust Account

Audit: We noted that the US Bank Trust account established for the construction of the jail and ambulance buildings remains open with a balance of \$111,841 as of year end.

Response: We will review and adjust the balance in the US Bank Trust account as needed.

Capital Project Funds

Audit: We noted that some capital project funds with balances on the general ledger appear to relate to completed projects.

Response: We will review all capital project funds and close out any that are not needed.

Federal Grants

Audit: We noted during our audit that a federal grant was awarded to the County's law enforcement department. We further noted that the accounting for this grant was not coordinated with the Auditor's office.

Response: All grants will be coordinated with the Auditor's office in the future.

Justice Court Deposits

Audit: We noted during our audit that deposits in the Justice Court were not always made within three days of receipt as required by Utah law.

Response: The County will be acquiring software to help alleviate some of the delays in the ticketing system. The County has hired additional staff to assure that all receipts are processed promptly.

Fixed Asset Accounting and Management

Audit: We noted during our audit that the County's fixed asset management system had not been updated since the prior accounting year.

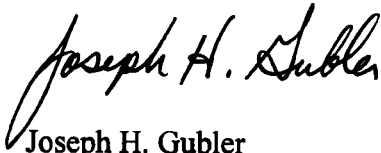
Response: We have implemented procedures that should address the problems associated with fixed asset management.

Undeposited Receipts

Audit: We noted in the Justice Court that receipts for some tickets were left undeposited until the tickets were received from the various law enforcement agencies. We further noted that these undeposited ticket receipts were not kept locked at all times and that all Justice Court personnel have physical access to these undeposited funds. We further noted that occasionally there were significant delays in receiving tickets from the County's Sheriff Department.

Response: The Auditor's office will review procedures in the Justice Court and County's Sheriff Department and address these weaknesses.

We appreciate the constructive nature of the independent auditors findings and recommendations. We continue to strive for excellence in doing the business of the citizens of Iron County.



Joseph H. Gubler
Iron County Auditor